



Memorandum

TO: COMMUNITY AND ECONOMIC
DEVELOPMENT COMMITTEE

FROM: Nanci Klein

**SUBJECT: ECONOMIC STRATEGY:
PLACE-BASED STRATEGIC GOALS**

DATE: March 13, 2015

Approved

Date

March 13, 2015

COUNCIL DISTRICT: City-wide

RECOMMENDATION

Accept staff's report on the place-based strategic Goals within the Economic Development Strategy. City staff will provide a report on the Place-Based Strategic Goals: #2 Develop Retail to Full Potential, Maximizing Revenue Impact and Neighborhood Vitality, #8 Advance the Diridon Station Area as a Key Transportation Center for Northern California, #10 Continue to Position Downtown as Silicon Valley's City Center and #11 Create More Walkable, Vibrant, Mixed-Use Environments to Spur Interaction and Attract Talent.

BACKGROUND

At the January 2015 CED meeting staff reviewed the highlights from the prior 24 month Economic Strategy workplan. Staff explained that the Economic Strategy had been in place since 2010, had 12 Strategic Goals (Exhibit A), and has had a series of 18-24 month workplans over the last five years. While the current Strategy was intended to have a five year scope, its twelve Strategic Goals continue to be an appropriate framework for focusing staff work in 2015.

Rather than starting a process to develop a new Economic Strategy at this time, staff intends to work with the Committee to review, refine, and refresh the current strategy through the Committee meetings in February, March and April, and then to develop a workplan around the 12 Strategic Goals of the Economic Strategy for the next 18 to 24 months.

During the February 2015 CED Committee meeting staff asked for direction and feedback from the Committee on the approach to Business Outreach and Engagement embodied within Strategic Goals: #1 Encourage Companies and Sectors that Can Drive the San Jose/Silicon Valley Economy and Generate Revenue for City Services and Infrastructure, #3 Preserve and Strengthen Manufacturing-Related Activity and Jobs and #4 Nurture the Success of Local Small Businesses Successes.

The Committee's feedback highlighted the following ideas for further exploration under a Business Outreach and Engagement workplan:

- Better understand the driving factors that result in reduction of manufacturing jobs
- Better understand the challenges to opening a business in San Jose
- How to better position the role and benefit of the U.S. Patent Office's location in Downtown San Jose.

At the March 23, 2015 CED Committee meeting staff is seeking feedback on refining the workplan to achieve the Place-Based Strategic Goals; #2 Develop Retail to Full Potential, Maximizing Revenue Impact and Neighborhood Vitality, #8 Advance the Diridon Station Area as a Key Transportation Center for Northern California, #10 Continue to Position Downtown as Silicon Valley's City Center and #11 Create More Walkable, Vibrant, Mixed-Use Environments to Spur Interaction and Attract Talent.

ANALYSIS

Staff is proposing to focus in four distinct geographic areas within San Jose in support of the Place Based Strategic Goals.

The Placed-Based Strategic Goals will focus on Downtown, Diridon Station Area, North San Jose and Neighborhood Business Districts. Specifically, staff is seeking feedback and comments on those specific geographies and others that could be part of the placed based strategy workplan over the next 18-24 months.

Downtown

Downtown is a key area for the City's growth and vitality. Residential high-rises and company relocations contribute to more feet on the ground and the vibrancy of the area. The place-based strategic work for Downtown develops amenities and the physical street-level environment to benefit residents and workers and attract more visitors, office and retail uses. Programs and projects will leverage existing and planned transportation infrastructure investments, art and cultural opportunities, as well as support the burgeoning small business community. In the next 24 months, staff will be working on the following activities:

- Market development opportunity sites and the Council incentive of suspended Construction Excise Taxes to spur the first commercial, non-hotel high rise in Downtown.
- Position Downtown San Jose as an accessible, competitive work environment for start-ups, scaling businesses, and global headquarters. Create a greater awareness of resources available to businesses in downtown and expand existing programs to encourage corporate engagement.
- Implement recommendations of the recent Small Business Study to provide greater accessibility to business trainings and services to the Spanish and Vietnamese speaking communities, including the successful Small Business Ignite program's expansion.
- Catalyze successful retail activity by expanding the Pop-Up project, which will connect retailers to brick and mortar spaces and brand Downtown as a retail destination. Staff will

also work to facilitate several retail occupancies rising out of the ground floor retail spaces created from new high rise construction.

- Promote street life and downtown's identity by making improvements to the quality of the pedestrian and cycling experience as well to other public realm areas. Public Works, Department of Transportation, Office of Cultural Affairs and San Jose Downtown Association have planned improvements, through the Downtown Street Life Plan, which will create an enhanced pedestrian environment that also includes community-based expression of art/culture.
- Deepen relationships with large and small downtown companies through the Silicon Valley Talent Partnership, San Jose Downtown Association, and Chamber of Commerce.
- Activate targeted areas such as 2nd street (between Santa Clara and San Fernando streets), Fountain Alley, St. James Park, to enhance the perception of Downtown as a safe, vibrant place.

Diridon Station Area

The implementation of the Diridon Station Area Plan (DSAP) over time will transform the Downtown transit station into a multimodal regional transit hub surrounded by significant development intensification in a key central location. The Diridon Station Area Plan was approved by the City Council on June 17, 2014 and capitalizes on the dramatic changes anticipated over the next decade related to the completion of multiple projects approved or planned for in the area. Such projects include a potential Baseball Stadium, the BART extension, the Santa Clara Alum Rock Bus Rapid Transit system, the electrification and enhancement of Caltrain, and the California High Speed Rail project.

The City of San Jose has submitted a grant application to the California High Speed Rail Authority (CHSRA) to help develop new financing tools to facilitate development on the Diridon Station Area in alignment with the approved Plan. The vision for the next 24 months, pending approval would be for these new financial tools to help agglomerate properties that have multiple property owners to facilitate development that furthers the Plan's vision. In addition, the body of work associated with the CHSRA grant will include the development of a governance structure for how decisions in the area will be made to be mutually beneficial to the three agencies that own lands in the Diridon Station Area (City, VTA, Caltrain). This work will set a necessary foundation to prime the development opportunities in the area.

North San Jose

While the Office of Economic Development continues to work across all of San Jose's employment centers, North San Jose represents the City's best opportunity to capitalize on the current market cycle as it continues to be a strong job center and provides the opportunity to develop an engaging mixed use environment.

The current market cycle is driving renovation of existing buildings and some of the previously entitled new development and residential construction. As residential and job growth occurs, so grows the need in North San Jose for amenities such as retail spaces, parks and open spaces. Over the next 24 months, staff will be working on the following three initiatives in North San Jose:

- Staff will facilitate tenant improvements. In particular, much more attention is being paid to adding worker place making amenities like bocce ball courts, barbeque pits and the like.
- Staff will raise awareness and make efforts to interconnect existing and planned transportation infrastructure. The arrival of BART to San Jose has spurred much interest and inquiries on how to connect employees to BART to North San Jose. Also, as ridership increases, developing strong connections from Caltrain to North San Jose are increasingly important.
- to spur new investment in industrial and commercial construction to accommodate the growing population.

Neighborhood Business Districts

San Jose is home to nine neighborhood business districts (NBDs) which provide the City with an opportunity to support local small businesses and encourage neighborhood vitality through more walkable, vibrant business centers. These business districts represent a variety of businesses serving directly the neighborhoods that they are located in. The City works closely with the NBDs through a direct engagement, BusinessOwnerspace.com partnering meetings, and event promotion. The Office of Economic will continue to work with the NBDs primarily through the BusinessOwnerspace.com partner network to continue promote consumer awareness, activities, and community vitality of each area. The Small Business Ally and the Storefronts Initiatives are programs that benefit NBDs as well. Work with local businesses that add neighborhood vitality will continue to evolve as additional emphasis is placed on development in urban villages.

Next Steps Next Month

Staff will return at the April Community and Economic Development Committee meeting and discuss the remaining strategic goals of the Economic Development Strategy. Topics will include the delivery of services through the City's Development Services and Work2Future functions, and support of key amenities including the Airport and sports, arts and entertainment facilities.

/s/

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Assistant Director

Office of Economic Development

For questions, please contact Chris Burton, Senior Business Development Manager,
at (408) 535-8114.

Exhibit A

Economic Strategy 12 Strategic Goals

Regain Jobs and Revenue

- #1 Encourage Companies and Sectors that Can Drive the San Jose/Silicon Valley Economy and Generate Revenue for City Services and Infrastructure.
- #2 Develop Retail to Full Potential, Maximizing Revenue Impact and Neighborhood Vitality.
- #3 Preserve and Strengthen Manufacturing-Related Activity and Jobs.
- #4 Nurture the Success of Local Small Businesses Successes.
- #5 Increase San Jose's Influence in Regional, State and National Forums in Order to Advance City Goals and Secure Resources.
- #6 Improve the Speed, Consistency, and Predictability of the Development Review Process, and Reduce Costs of Operating a Business in San Jose.

Invest for Future Success

- #7 Prepare Residents to Participate in the Economy through Training, Education, and Career Support.
- #8 Advance the Diridon Station Area as Key Transportation Center for Northern California.
- #9 Keep Developing a Competitive, World Class Airport, and Attract New Air Service.
- #10 Continue to Position Downtown as Silicon Valley's City Center.
- #11 Create More Walkable, Vibrant, Mixed-Use Environments to Spur Interaction and Attract Talent.
- #12 Develop a Distinctive Set of Sports, Arts, and Entertainment, Offerings Aligned With San Jose's Diverse, Growing Population.